

**CONSERVANCY FOR CUYAHOGA  
VALLEY NATIONAL PARK**  
(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED AUGUST 31, 2013  
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2012)

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**FINANCIAL STATEMENTS**  
**AUGUST 31, 2013**

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## ***INDEPENDENT AUDITOR'S REPORT***

To the Board of Trustees of  
Conservancy for Cuyahoga Valley National Park

We have audited the accompanying financial statements of Conservancy for Cuyahoga Valley National Park (the "Conservancy", a nonprofit organization), which comprise the statement of financial position as of August 31, 2013, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Conservancy for Cuyahoga Valley National Park as of August 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the Conservancy for Cuyahoga Valley National Park 2012 financial statements, and our report dated December 10, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Carol Palmer Libbison + Co.*

Cleveland, Ohio

December 19, 2013

## FINANCIAL STATEMENTS

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2013**  
(With Comparative Totals as of August 31, 2012)

	<u>ASSETS</u>	
	<u>2013</u>	<u>2012</u>
ASSETS:		
Cash and cash equivalents, unrestricted	\$ -	\$ 130,352
Cash and cash equivalents, temporarily restricted	458,179	317,430
Cash and cash equivalents, permanently restricted	1,600	-
Accounts receivable, program, net of allowance for doubtful accounts	50,394	80,626
Accounts receivable, National Park Service	-	116,635
Endowment funds, temporarily restricted	524,946	352,579
Endowment funds, permanently restricted	331,583	313,017
Prepaid expenses and supplies	113,930	82,117
Property and equipment, net	<u>358,000</u>	<u>298,822</u>
 TOTAL ASSETS	 <u>\$1,838,632</u>	 <u>\$1,691,578</u>
	<u>LIABILITIES AND NET ASSETS</u>	
LIABILITIES:		
Accounts payable	\$ 61,882	\$ 79,669
Accounts payable, National Park Service	37,607	55,154
Due to temporarily restricted	41,413	-
Accrued expenses	49,796	56,273
Deferred revenue	45,355	36,820
Program deposits	132,009	93,018
Note payable	<u>90,000</u>	<u>90,000</u>
 Total liabilities	 <u>458,062</u>	 <u>410,934</u>
NET ASSETS:		
Unrestricted	64,262	180,983
Temporarily restricted	983,125	786,644
Permanently restricted	<u>333,183</u>	<u>313,017</u>
 Total net assets	 <u>1,380,570</u>	 <u>1,280,644</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$1,838,632</u>	 <u>\$1,691,578</u>

The accompanying notes are an integral part of the financial statements.

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2013**  
**(With Comparative Totals as of August 31, 2012)**

	2013			2012	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE AND SUPPORT:					
Environmental education:					
Program fees, net of scholarships of \$157,546 and \$118,112 in 2013 and 2012, respectively	\$ 649,111	\$ -	\$ -	\$ 649,111	\$ 677,887
Community outreach	712,015	-	-	712,015	546,373
Contributions and grants:					
National Park Service program support	-	304,025	-	304,025	316,067
Special events	38,894	420,355	-	459,249	451,724
Environmental education programs	-	328,157	1,900	330,057	269,816
Memberships	410,042	-	-	410,042	329,741
Community outreach	13,566	176,305	-	189,871	179,352
Trails Forever	-	51,930	-	51,930	152,672
General operations	66,100	36,500	-	102,600	75,950
Investment income (loss)	46	39,945	35,384	75,375	(13,983)
Other income	20,704	-	-	20,704	4,446
Net assets released from restrictions	<u>1,177,854</u>	<u>(1,160,736)</u>	<u>(17,118)</u>	<u>-</u>	<u>-</u>
Total revenue, support and reclassifications	<u>3,088,332</u>	<u>196,481</u>	<u>20,166</u>	<u>3,304,979</u>	<u>2,990,045</u>
EXPENDITURES:					
Program services:					
Environmental education programs	900,231	-	-	900,231	988,618
Community outreach and park support	1,257,813	-	-	1,257,813	995,349
Special events	301,168	-	-	301,168	251,676
Trails Forever	<u>114,306</u>	<u>-</u>	<u>-</u>	<u>114,306</u>	<u>173,610</u>
Total program services	<u>2,573,518</u>	<u>-</u>	<u>-</u>	<u>2,573,518</u>	<u>2,409,253</u>
Support services:					
Management and general	293,307	-	-	293,307	296,432
Fundraising	<u>338,228</u>	<u>-</u>	<u>-</u>	<u>338,228</u>	<u>252,667</u>
Total support services	<u>631,535</u>	<u>-</u>	<u>-</u>	<u>631,535</u>	<u>549,099</u>
Total expenditures	<u>3,205,053</u>	<u>-</u>	<u>-</u>	<u>3,205,053</u>	<u>2,958,352</u>
CHANGES IN NET ASSETS	(116,721)	196,481	20,166	99,926	31,693
NET ASSETS, BEGINNING OF YEAR	<u>180,983</u>	<u>786,644</u>	<u>313,017</u>	<u>1,280,644</u>	<u>1,248,951</u>
NET ASSETS, END OF YEAR	\$ 64,262	\$ 983,125	\$ 333,183	\$1,380,570	\$1,280,644

The accompanying notes are an integral part of the financial statements.

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED AUGUST 31, 2013**  
(With Comparative Totals as of August 31, 2012)

	2013						2012
	Program Services				Support Services		
	Environmental Education Programs	Community Outreach and Park Support	Special Events	Trails Forever	Management and General	Fund- raising	
							2013 Total
							2012 Total
Salaries and wages	\$ 517,027	\$ 539,304	\$ 32,932	\$ 67,536	\$ 87,922	\$ 207,188	\$ 1,451,909
Payroll taxes and benefits	133,233	101,019	4,387	8,064	31,897	34,085	284,911
Program supplies and merchandise	43,557	208,226	190,232	4,322	82	20,989	392,336
Food services	55,401	45,907	215	1,451	648	8,077	113,251
Facility supplies and service	16,993	59,547	-	-	2,717	-	39,624
Contractor fees and services	35,378	88,279	70,350	-	50	4,749	176,192
Transportation services	38,809	10,173	-	-	-	-	45,483
Marketing	9,285	39,520	2,188	6,828	5,118	39,280	113,209
Office supplies, equipment and support	4,245	5,757	-	3,617	39,967	3,565	47,921
Utilities, communications, and postage	4,211	39,958	864	522	15,950	14,907	69,344
Staff related expenses	31,929	11,698	-	-	17,599	3,661	55,290
Professional fees, dues, and subscriptions	1,026	12,737	-	3,047	49,269	1,727	55,958
Liability insurance	8,164	8,205	-	-	16,368	-	38,843
Rental expense	-	38,097	-	-	-	-	42,246
Donations and grants	-	-	-	18,919	2,834	-	16,299
Depreciation	973	48,071	-	-	15,532	-	43,827
Other expenses	-	1,315	-	-	7,354	-	2,738
Total functional expenses	<u>\$ 900,231</u>	<u>\$ 1,257,813</u>	<u>\$ 301,168</u>	<u>\$ 114,306</u>	<u>\$ 293,307</u>	<u>\$ 338,228</u>	<u>\$ 2,958,352</u>

The accompanying notes are an integral part of the financial statements.



**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2013**  
(With Comparative Totals as of August 31, 2012)

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 99,926	\$ 31,693
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	64,576	43,827
Loss on disposal of fixed assets	-	368
Increase (decrease) in allowance for doubtful accounts	34	(3,571)
Unrealized (gain) loss on endowment funds	(75,329)	14,463
Contributions restricted for long-term purposes	(300)	(1,875)
(Increase) decrease in operating assets:		
Accounts receivable, program	30,198	(27,384)
Accounts receivable, National Park Service	116,635	(17,945)
Pledges and grants receivable	-	42,878
Prepaid expenses and supplies	(31,813)	3,713
Increase (decrease) in operating liabilities:		
Accounts payable	(17,787)	(32,290)
Accounts payable, National Park Service	(17,547)	21,020
Due to temporarily restricted	41,413	-
Accrued expenses	(6,477)	(22,157)
Deferred revenue	8,535	16,035
Program deposits	<u>38,991</u>	<u>13,598</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>251,055</u>	<u>82,373</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment in temporarily restricted endowment funds	(151,341)	(96,599)
Capital expenditures	(123,755)	(175,944)
Distribution from endowment funds	36,038	31,804
Proceeds from note payable	<u>-</u>	<u>90,000</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(239,058)</u>	<u>(150,739)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	11,997	(68,366)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>447,782</u>	<u>516,148</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$459,779</u></u>	<u><u>\$447,782</u></u>

The accompanying notes are an integral part of the financial statements.

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2013**

**1. ORGANIZATION**

Conservancy for Cuyahoga Valley National Park (the "Conservancy") is a nonprofit corporation working to protect, support and promote Cuyahoga Valley National Park. The Conservancy is the friends group for Cuyahoga Valley National Park and engages public support and provides services to enhance public use and enjoyment of the park.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the statements to the reader.

**Financial statement presentation**

The Conservancy is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**Contributions**

Contributions and support received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Cash and cash equivalents**

For purposes of the statement of cash flows, the Conservancy considers cash on hand, demand deposits, and money market funds to be cash and cash equivalents. Cash and cash equivalents received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the statement of cash flows.

**Pledges receivable**

Included in pledges and grants receivable, if any, are grants and unconditional promises to give, all of which are expected to be collected currently.

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2013**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Allocation of expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between program and support services.

**Property and equipment**

Acquisitions of property and equipment in excess of \$1,000 and expenditures for repairs, maintenance and renewals that significantly extend the useful lives of assets are capitalized. Property and equipment are carried at cost. When property and equipment are retired or otherwise disposed of, the cost of the property or equipment is removed from the asset account, accumulated depreciation is charged with an amount equivalent to the depreciation provided, and the difference is charged or credited to operations as a gain or loss.

Depreciation has been provided using the straight-line and accelerated methods of accounting in order to relate the cost of the assets to operations over their estimated service lives. Depreciation expense for the year ended August 31, 2013 was \$64,576.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. While actual results could differ from those estimates, management does not expect those differences to be significant to the financial statements.

**Concentration of credit risk**

The Conservancy maintains its cash and cash equivalents in accounts which at times may exceed federally insured limits. The Conservancy has not experienced any losses in such accounts and management of the Conservancy believes it is not exposed to any significant credit risk.

**Advertising and marketing costs**

The Conservancy conducts non-direct response advertising. These costs are expensed as incurred. Advertising expense for the year ended August 31, 2013 was \$102,219.

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2013**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts receivable and allowance for doubtful accounts**

The Conservancy grants credit to program activity participants as deemed necessary and mitigates the associated risk by performing ongoing credit evaluations. Accounts are charged to bad debt expense as they are deemed uncollectible based upon a periodic review of accounts. At August 31, 2013, accounts receivable are stated net of an allowance for doubtful accounts of \$538. There was no bad debt expense for the year ended August 31, 2013.

**3. ENDOWMENT FUNDS**

The Conservancy's endowment consists of seven individual funds established for a variety of purposes. Its endowment includes donor-restricted funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Conservancy has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Conservancy classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Conservancy in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Conservancy considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Conservancy, and (7) the Conservancy's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies.* The Conservancy has granted ultimate authority and control over the endowment funds to the Akron Community Foundation and the Cleveland Foundation, together the "Foundations", who each hold certain individual endowment funds. In doing so, the Conservancy allows the Foundations to manage the endowment funds and set the investment return objectives, risk parameters and strategies.

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2013**

**3. ENDOWMENT FUNDS (Continued)**

*Spending Policy.* The Conservancy has different spending policies for each endowment. These policies vary from appropriating the distribution of only net income to appropriating 6% of the endowment's fair value for distribution.

Endowment net asset composition by type of fund as of August 31, 2013 is as follows:

	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Donor-restricted endowment funds	<u>\$ 524,946</u>	<u>\$ 331,583</u>	<u>\$ 856,529</u>

Changes in endowment net assets as of August 31, 2013 are as follows:

	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Endowment net assets, beginning of year	\$ 352,579	\$ 313,017	\$ 665,596
Contributions	151,341	300	151,641
Investment gains and fees, net	39,945	35,384	75,329
Appropriated for expenditures	<u>(18,919)</u>	<u>(17,118)</u>	<u>(36,037)</u>
Endowment net assets, end of year	<u>\$ 524,946</u>	<u>\$ 331,583</u>	<u>\$ 856,529</u>

**4. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of August 31, 2013:

Computer equipment	\$ 112,756
Office equipment	192,192
Store building	299,027
Less accumulated depreciation	<u>(245,975)</u>
Property and equipment, net	<u>\$ 358,000</u>

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2013**

**5. NOTE PAYABLE**

During the year ended August 31, 2012, the Conservancy entered into a loan and grant agreement with an unrelated party. Per the terms of the agreement, the unrelated party agreed to lend the Conservancy \$90,000 to be used for the construction of certain improvements to a store space that the Conservancy leases from the same unrelated party. The loan bears interest at 3%, which is payable quarterly. If the Conservancy meets certain provisions of the agreement, the unrelated party will forgive \$20,000 of the note payable after the initial three years of the agreement. All outstanding principal on the note is payable on May 1, 2022. The outstanding balance of the loan as of August 31, 2013 was \$90,000.

**6. BOARD DESIGNATED UNRESTRICTED NET ASSETS**

Unrestricted net assets that are designated by the Board and are being held by the Conservancy include the following as of August 31, 2013:

Photographic society	\$ <u>9,513</u>
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**7. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets represent funds to be used in future periods and are restricted for the following purposes as of August 31, 2013:

Trails Forever	\$ 586,724
Scholarships	211,178
General operations	94,005
Environmental education	49,911
Community outreach	<u>41,307</u>
	\$ <u>983,125</u>

The Conservancy released net assets of \$1,160,736 and \$17,118 from temporary and permanent restrictions, respectively, during the year ended August 31, 2013 by incurring expenditures which satisfied their restricted purposes.

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2013**

**8. PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets represent funds to be held in perpetuity with income generated by the funds restricted for the following purpose as of August 31, 2013:

Environmental education program scholarships	\$ 176,780
General operations	<u>156,403</u>
	<u>\$ 333,183</u>

**9. DONATED SERVICES AND FACILITIES**

The Conservancy receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied. Volunteer hours totaled approximately 40,700 hours for the year ended August 31, 2013.

In addition, the Conservancy occupies, without charge, certain administrative and program facilities owned by the National Park Service. The fair rental value of these premises, including utilities and services such as security and parking, cannot be reasonably estimated by management or the National Park Service and, therefore, are not reflected in the financial statements.

**10. PENSION PLANS**

The Conservancy has a defined contribution retirement plan and a tax-deferred annuity plan, both of which cover all employees of the Conservancy who have met certain length of service, age and hour requirements. Employee deferral contributions to the defined contribution retirement plan are made on a tax-deferred basis pursuant to a salary reduction agreement, which can be terminated or modified at any time at the employee's request. The Conservancy automatically contributes an employer contribution of 3% of each employee's salary to the plans, regardless of the amount contributed by the employee. In addition, the Conservancy matches 100% up to the first 3% contributed by the employee. Pension expense was \$55,007 for the year ended August 31, 2013.

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2013**

**11. INVESTMENT INCOME**

The following summarizes the Conservancy's investment return for the year ended August 31, 2013:

Investment income (interest and dividends)	\$ 46
Unrealized gain on endowment funds	<u>75,329</u>
Total investment income	<u>\$ 75,375</u>

**12. COOPERATIVE AGREEMENT**

The Conservancy has an agreement with the National Park Service, Department of the Interior which is effective through December 2016. Under this agreement, the Conservancy is required to manage and provide environmental education programs and related services while the National Park Service is required to provide financial support, space, staff and other assistance as needed. The Conservancy is also required to co-manage the VIP Program. The Conservancy received National Park Service program support of \$304,025 for the Conservancy's various programs under this agreement.

**13. COMMITMENTS**

The Conservancy entered into an agreement with an unrelated party to lease space to operate an educational gift shop. The ten year lease calls for monthly rental payments of \$2,550 per month for the first five years and \$2,627 per month for the remaining five years. The lease will expire on December 31, 2021 at which time certain renewal options are available. Rental expense for the year ended August 31, 2013 was \$30,600.

The Conservancy also has a facilities lease with the National Park Service to maintain and rent out certain National Park Service facilities to the public. The National Park Service charges the Conservancy a base rent of \$300 per month and 2% of the gross revenue from the rentals. Rental expense for the year ended August 31, 2013 was \$7,497.

The Conservancy also leases office equipment from an unrelated party. Total expense for the year ended August 31, 2013 was \$11,559.



**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2013**

**13. COMMITMENTS (Continued)**

The future minimum lease payments are as follows for the year ending August 31,

2014	\$ 46,193
2015	43,079
2016	42,269
2017	42,885
2018	34,816
Thereafter	<u>113,260</u>
Total	<u>\$ 322,502</u>

**14. TAX STATUS**

The Conservancy is a nonprofit corporation exempt from federal income taxes under the current provisions of the Internal Revenue Code, Section 501(c)(3).

The Conservancy has adopted guidance, as required by the Income Taxes Topic of the FASB Accounting Standards Codification regarding accounting for uncertainty in income taxes. This guidance clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Conservancy's income tax returns. As of August 31, 2013, the Conservancy has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Conservancy records related interest expenses and penalties, if any, as a tax expense, consistent with this guidance. The Conservancy's open audit periods are for the tax years ended August 31, 2010 through August 31, 2013. In evaluating the Conservancy's tax provisions and accruals, future taxable income, the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Conservancy believes their estimates are appropriate based on the current facts and circumstances.

**15. FAIR VALUE MEASUREMENT**

The Financial Accounting Standards Board has established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB guidance are described as follows:

**CONSERVANCY FOR CUYAHOGA VALLEY NATIONAL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2013**

**15. FAIR VALUE MEASUREMENT (Continued)**

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Conservancy has the ability to access.

Level 2      Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at August 31, 2013.

*Endowment funds* – Based on model-based valuation techniques for which all significant assumptions are unobservable in the market.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Conservancy believes its valuation methods are appropriate and consistent with other market participants, the use of different instruments could result in a different fair value measurement at the reporting date.

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**15. FAIR VALUE MEASUREMENT (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Conservancy's assets at fair value as of August 31, 2013.

**Assets at Fair Value as of August 31, 2013**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Endowment funds	\$ -	\$ -	\$ 856,529	\$ 856,529

**Level 3 Assets Year Ended August 31, 2013**

	<u>Endowment Funds</u>
Balance, beginning of year	\$ 665,596
Contributions	151,641
Fund appreciation	75,329
Distributions	<u>(36,037)</u>
Balance, end of year	<u>\$ 856,529</u>

**16. PRIOR-YEAR SUMMARIZED INFORMATION**

The financial statements contain certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly such information should be read in conjunction with the Conservancy's financial statements for the year ended August 31, 2012, from which the summarized information was derived.

**17. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 19, 2013, which is the date the financial statements were available to be issued.